



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/735,749	12/16/2003	Leonard C. Montelcone	32715-2001/TAC	3359

33721 7590 10/25/2007

TORYS LLP
79 WELLINGTON ST. WEST
SUITE 3000
TORONTO, ON M5K 1N2
CANADA

EXAMINER

SCARITO, JOHN D

ART UNIT	PAPER NUMBER
----------	--------------

4172

MAIL DATE	DELIVERY MODE
-----------	---------------

10/25/2007

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary

Application No.

10/735,749

Applicant(s)

MONTELEONE ET AL.

Examiner

John D. Scarito

Art Unit

~~3600~~ 4172

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 16 December 2003.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-21 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-21 is/are rejected.
- 7) ☒ Claim(s) 2-10 and 17 is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☒ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- ☒ Notice of References Cited (PTO-892)
- ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- ☒ Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date 06/22/2004 & 12/02/2005.
- ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____.
- ☐ Notice of Informal Patent Application
- ☐ Other: _____.

DETAILED ACTION

Specification Objections

The disclosure is objected to because of the following informalities:

1. Examiner suggests that Applicant may have intended "Tables IV-VIII" in lieu of "Tables IV-VII" on page 12, line 15.
2. Examiner notes that Applicant did not explain Field 10 on page 13 as Applicant does all other fields of the disclosed tables. This may be needed for clarity of the redistribution process.
3. Examiner notes that Applicant refers to "GHI Investment Fund" on page 17, lines 4-5 in lieu of "GHI Teachers fund" in reference to Table XIII.

Appropriate correction is requested. Note: If Applicant submits a substitute specification, please edit the title to state "System and Method for Trading of Mortgage Backed Securities" in lieu of "System and Method for Trading" to be in line with Applicant's Preliminary Amendment received 12/16/2003.

Claim Objections

Claims 2-10 & 17 are objected to because of the following informalities:

1. Claims 2-10 are objected to under 37 CFR 1.75(c), as being of improper dependent form for failing to further limit the subject matter of a previous claim. Claims directed to an Apparatus must be distinguished from the prior art in terms of structure rather than function, In re Danly 263 F.2d 844, 847, 120 USPQ 582, 531 (CCPA 1959). A claim containing a "recitation with respect to the manner in

which a claimed apparatus is intended to be employed does not differentiate the claimed apparatus from a prior art apparatus” if the prior art apparatus teaches all the structural limitations of the claim. Ex parte Masham, 2 USPQ2d 1657 (Bd Pat. App. & Inter. 1987).

For example, Applicant’s Claim 2 further describes what “said server” does, what types of nonfunctional descriptive material “said indicia” include and “said inventories” comprise, and what the “said transaction” is in this instance.

Applicant’s Claim 2 does not add further structure to Claim 1’s “server” that has capabilities “to receive”, “to perform”, and “to return”.

Applicant is required to cancel the claim(s), or amend the claim(s) to place the claim(s) in proper dependent form, or rewrite the claim(s) in independent form.

2. As per Claims 3 & 9, Examiner is unclear how “includes other pertinent information concerning each said mortgage-backed security” relates to “said transaction”.
3. As per Claim 17, Examiner suspects that Applicant intended to depend from Claim 12 in lieu of Claim 13 for consistency with system Claim 6. Otherwise, Claim 17 would be a duplicate of Claim 14.

Appropriate corrections are required.

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 2, 4, 5, 13, 15, 16, & 19 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

As per Claim 2, “receive at least two inventories” conflicts with the requirements of Claim 1, which states, “receive at least one inventory”. Examiner questions whether this further limits the claim. In addition, “a holder” is rendered unclear in view of Claim 3’s “an account holder.” Examiner suggests the use of different terminology.

As per Claims 4 & 15, “said account holder” lacks antecedent basis. Examiner will assume for purposes of examination that Applicant intended Claims 4 & 15 to depend from Claims 3 & 14 respectively.

As per Claims 5 & 16, “said account holder” lacks antecedent basis. Examiner will assume for purposes of examination that Applicant intended Claims 5 & 16 to depend from Claims 3 & 14 respectively.

As per Claim 13, “at least two inventories are received” conflicts with the requirements of Claim 12, which states, “receiving at least one inventory.” Examiner questions whether this further limits the claim. In addition, “a holder” is rendered unclear in view of Claim 14’s “an account holder.” Examiner suggests the use of different terminology.

As per Claim 19, “said server” lacks antecedent basis.

Double Patenting

Claims 8 & 19 are provisionally rejected on the ground of nonstatutory obviousness-type double patenting as being unpatentable over Claim 4 of copending Application No. 11/129,334. Although the conflicting claims are not identical, they are not patentably distinct from each other because they claim (1) "receiv[ing] at least two inventories of mortgage-backed securities", (2) have indicia including of "holder", "pool number", "value", and "failed trade", (3) "common...inventories", (4) a "report" and (5) indication of round robin. As such, it is inherent that to indicate a round robin, a transaction involving a round robin must have occurred.

This is a provisional obviousness-type double patenting rejection because the conflicting claims have not in fact been patented.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Note: Method claims 12-21 will be examined prior to System claims 1-11 in each section below.

Claims 1-4, 6, 7, 11-15, 17, & 18 are rejected under 35 U.S.C. 103(a) as being unpatentable over Singh et al (10/678,376) [Pub. No.: 2004/0167824] in view of Kochansky et al (10/325,052) [Pub. No.: 2003/0187777] (hereinafter "Combination A").

As per Claim 12, Singh et al ('376) discloses as follows:

receiving...securities [see paragraph 45 "securities"] from an institution [see paragraph 46, "business", "legal entity"];

said inventory including indicia associated with each said...security [see paragraph 11, "identifying"];

performing at least one transaction based on an analysis of said at least one inventory [see paragraph 55, "swaps matched orders"];

returning a result of said transaction to said institution [see paragraph 55, "notifies the participants"].

However, Singh et al ('376) does not specifically disclose said securities being mortgage-backed securities. Regardless, Kochansky et al ('052) discloses the trading of "mortgage-backed securities" [paragraph 5] amongst "large institutions" [paragraph 10]. Like Singh et al ('376), Kochansky et al ('052) deals with the "secondary market" [see paragraph 5]. Entities must be aware of not only the current value of their portfolios but also their content. In this vein, a mortgage-backed security is a "security" that can be exchanged for all intensive purposes to achieve desired portfolio content and value. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Singh et al ('376) to include the transfer of mortgage-backed securities among institutions.

Further, Singh et al ('376) does not specifically disclose receiving at least one inventory. However, Singh et al ('376) teaches a method where "a seller [is] more

interested in adjusting the composition of inventory than in receiving monetary consideration for products in the inventory.” [“orders” received (see paragraph 11) to adjust “inventory” (see paragraph 6)]. If not concerned of others knowing the content of one’s portfolio, it would be more efficient to submit actual inventories for trading in lieu of “orders” that would achieve the same desired end/portfolio content. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant’s invention, to modify Singh et al (376) to include the “receiving [of] at least one inventory.”

As per Claim 13, Combination A discloses the method of Claim 12 above.

Further, Singh et al (‘376) discloses as follows:

at least two inventories are received at said receiving step [see Claim 12 analysis above & “receiving a plurality of orders from a plurality of participants to [trade] a plurality of products” (paragraph 11) to adjust “inventory” (paragraph 6)]

said indicia include other pertinent information concerning each said mortgage-backed security, including at least a financial institution uniquely identifying a holder of each mortgage-backed security in each of said inventories [Here, it is necessary that trade data includes a unique identifier of the holder in order to track trade transactions.]

said transaction includes a consolidation of [] securities such that the total number of said pools owned by at least one of said financial institutions after said consolidation is reduced while maintaining substantially the same aggregate original face value prior to said consolidation. [see paragraph 6, “seller is willing to receive other products in exchange for the products in the seller’s inventory” and paragraph 44 “by exchanging inventory, a participant can make the inventory more balanced, reduce odd-lot portions, and/or

Art Unit: 3609 4172

reduce odd-dated portions” and paragraph 62, “price is not used [] to match” and paragraph 80, “where a valuation difference between the number of units matched for each participant is minimized.”]

However, Singh et al (‘376) does not specifically disclose:

indicia includ[ing]...a Pool Number identifying each said mortgage-backed security pool owned by said financial institution; and an original face value of each said mortgage-backed security

Regardless, Applicant’s specification admits that these elements are commonly associated with pool trades. [see Applicant’s Background Of The Invention, page 2, line 6] One trading mortgage-backed securities would be apprised of such identifiers. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant’s invention, to modify Singh et al (‘376) to include pool numbers and face values of mortgage-backed securities (associated with the institution) as indicia while matching.

said inventories include a plurality of mortgage-backed securities with common Pool Numbers that belong to different financial institutions. Regardless, Kochansky et al (‘052) teaches different institutions possibly having common pool numbers in their portfolios.

[see paragraph 10, “institutions...[with] each portfolio including a variety of amounts and types of mortgage-backed securities”. As such, it is inherent that inventories of different institutions likely hold the same “pool numbers” given the limited issuers of such securities (e.g. GNMA, FHLMC, FNMA)]. One trading mortgage-backed securities would understand that other institutions hold part of the original pool of mortgages. As such, it would have been obvious to one of

Art Unit: ~~3609~~ 4172

ordinary skill in the art, at the time of Applicant's invention, to modify Singh et al ('376) to account for different institutions that hold common pool numbers.

As per Claim 14, Combination A discloses the method of Claim 13 above.

Further, Singh et al ('376) discloses as follows:

said indicia further includes other pertinent information concerning each said mortgage - backed security, including at least an account holder [see paragraph 47, "an entity controls products for a number of customers and desires to participate in the match-and-swap marketplace on behalf of each customer", thus it is necessary that trade data includes a unique identifier of each account holder in order to track trade transactions]

said transaction further includes a consolidation of mortgage-backed securities such that the total number of said pools owned by at least one of said account holders after said consolidation is reduced while maintaining substantially the same aggregate original face value prior to said consolidation. [paragraph 47, "participat[ing] on behalf of each customer" and paragraph 6, "seller is willing to receive other products in exchange for the products in the seller's inventory" and paragraph 44 "by exchanging inventory, a participant can make the inventory more balanced, reduce odd-lot portions, and/or reduce odd-dated portions" and paragraph 62, "price is not used [] to match" and paragraph 80, "where a valuation difference between the number of units matched for each participant is minimized."].

However, Singh et al ('376) does not specifically disclose:

a Pool Number identifying a mortgage-backed security pool owned by said account holder; and an original face value of said Pool Number Regardless, Applicant's specification admits

that these elements are commonly associated with pool trades. [see Applicant's Background Of The Invention, page 2, line 6] One trading mortgage-backed securities would be apprised of such identifiers. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Singh et al ('376) to include pool numbers and face values of mortgage-backed securities (associated with an account holder) as indicia while matching.] said inventories further include a plurality of different account holders having a plurality of mortgage-backed securities with common pool numbers; Regardless, Kochansky et al ('052) teaches different investors possibly having common pool numbers in their portfolios. [see paragraph 10, "investors...[with] each portfolio including a variety of amounts and types of mortgage-backed securities". As such, it is inherent that inventories of different institutions likely hold the same "pool numbers" given the limited issuers of such securities (e.g. GNMA, FHLMC, FNMA)]. One trading mortgage-backed securities would understand that other investors hold part of the original pool of mortgages (especially on a secondary market). As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Singh et al ('376) to account for different account holders holding common pool numbers.

As per Claim 15, Combination A discloses the method of Claim 14 above.

However, Singh et al ('376) does not specifically disclose:

said indicia further includes a flag for each of said mortgage-backed securities in said inventory, said flag for indicating that said account holder requests a retention of a respective said mortgage-backed security; [Here, Singh et al ('376) does teach that participants can have

preferences for certain securities over others. (see paragraph 59, “unilateral orders...[of] a subset thereof” and paragraph 60 “entity desiring to interact with the match-and-swap marketplace...but does not want to lump all the products together”) A prudent investor would wish to mark/indicate securities that he/she prefers or intends to keep when submitting his/her inventory to a third party. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant’s invention, to modify Singh et al (‘376) to include a flag/indicator to retain certain securities.]

said consolidation of mortgage-backed securities includes a redistribution of said respective mortgage-backed security to those of said account holders that set said flag for said respective mortgage-backed security. [Here, Singh et al (‘376) does teach that participants can place orders in line with their preferences. (see paragraph 60, “orders for A, B and C products” and “orders for D and E products”). A prudent investor, or one on his/her behalf, would wish to follow investor preferences when trading in a portfolio and return (already owned) preferred securities to the portfolio inventory that should not be traded. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant’s invention, to modify Singh et al (‘376) to include the redistribution of flagged securities to their respective account holders.

As per Claim 17, Combination A discloses the method of Claims 12 above. Further, Combination A teaches or renders the elements of Claim 17 obvious as evidenced in Claim 14 above.

As per Claim 18, Combination A discloses the method of Claim 12 above. Further, Singh et al (‘376) discloses verifying the accuracy of said inventory by comparing said inventory with

Art Unit: ~~3609~~ 4172

an available database of information about mortgage-backed securities within said inventory. [see paragraph 67. In contemplation of a swap, Singh et al ('376) teaches "us[ing] any pricing methodology" including "current or future market prices" (commonly available in some type of database) or "a person or group of persons knowledgeable in the valuation of products" for a "determination independent of the unilateral orders (inventories)".

As per Claims 1-4, 6, & 7, Singh et al ('376) discloses a "server" [see paragraph 16]. It is inherent that such server is capable of producing the functionality as evidenced in Claims 12-15, 17 & 18 above.

As per Claim 11, Singh et al ('376) discloses a "server" [see paragraph 16] and "at least one workstation" [see paragraph 16 & Figure 10]. It is inherent that such server and workstations, as a system, are capable of producing the functionality as necessary in Claim 11.

Claims 5 & 16 are rejected under 35 U.S.C. 103(a) as being unpatentable over Singh et al (10/678,376) [Pub. No.: 2004/0167824] in view of Kochansky et al (10/325,052) [Pub. No.: 2003/0187777] (hereinafter "Combination A") and further in view of Spoonhower et al (10/378,012) [Pub. No.: 2004/0177025].

As per Claim 16, Combination A discloses the method of Claim 14 above.

However, Singh et al ('376) does not specifically disclose:

said indicia further includes at least one additional indicium selected from the group consisting of a factor date, factor rate, maturity date, current weighted average maturity ("WAM"), weighted average coupon ("WAC"), and constant payment rate ("CPR"); Regardless, Spoonhower et al ('012) teaches that securities may be grouped by "type of issuing institution" [paragraph 12] as well as "similar characteristics" such as "maturity date and

yield” or “arbitrary other characteristics of the [mortgage-backed] securities themselves” [see paragraph 13]. Further, Spoonhower et al (‘012) teaches that mortgage-backed securities are often “illiquid or thinly-traded” thus resulting in “difficulty of judging the market value of the securities to be traded” [see paragraph 1]. Alternatively, Kochansky et al (‘052) teaches that securities are “traded in terms of their assumed average life” [paragraph 8], a changing “coupon rate” [paragraph 7], and “pay down factor” that forms “the basis for calculation of the purchase price of the securities.” A prudent trader would wish to be apprised of such information when evaluating trades as of equivalent value. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant’s invention, to modify Singh et al (‘376) to include such evidenced indicia.

said consolidation of mortgage-backed securities includes a redistribution of said respective mortgage-backed security to those of said account holders that indicate a preference for a particular mortgage-backed security characterized by said at least one additional indicium. Regardless, Spoonhower et al (‘012) teaches that “users are often willing to accept a wide range of mortgage-backed securities with similar characteristics.” [paragraph 13]. In this vein, the method/system can tailor trades based on what “a given user is looking for.” [paragraph 13]. A prudent investor, or one on his/her behalf, would wish to follow investor preferences when trading in a portfolio and return (already owned) preferred securities to that portfolio inventory that should not be traded. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant’s invention, to modify Singh et al (‘376) to include

redistribution of securities, with characteristics evidenced in this claim, to their respective account holders.

As per Claim 5, Singh et al ('376) discloses a "server" [see paragraph 16]. It is inherent that such server is capable of producing the functionality as evidenced in Claim 16 above.

Claims 8-10 & 19-21 are rejected under 35 U.S.C. 103(a) as being unpatentable over Singh et al (10/678,376) [Pub. No.: 2004/0167824] in view of Kochansky et al (10/325,052) [Pub. No.: 2003/0187777] (hereinafter "Combination A") and further in view of Applicant submitted non-patent literature document entitled "Buy-In Procedures for Mortgage-Backed Securities" (hereinafter "the Buy-In reference").

As per Claim 19, Combination A discloses the method of Claim 12 above.

Further, Singh et al ('376) discloses as follows:

said server is operable to receive at least two inventories; [see Claim 13 above]

said indicia include other pertinent information concerning each said mortgage-backed security, including at least a financial institution uniquely identifying a holder of each mortgage-backed security in each of said inventories [see Claim 13 above];

However, Singh et al ('376) does not specifically disclose:

indicia includ[ing]...a Pool Number identifying each said mortgage-backed security pool owned by said financial institution; and an original face value of each said mortgage-backed security [see Claim 13 above]

said inventories include a plurality of mortgage-backed securities with common Pool Numbers that belong to different financial institutions. [see Claim 13 above]

an indication of whether said mortgage-backed security pool was a subject of a failed transaction;

Regardless, Applicant admits that prior art trading involves "failed trades" [see

Applicant's Background Of The Invention, page 3, line 11] Further, the Buy-In reference teaches established courses of action when such "failed transactions" occur. Here, one of the options is for a Customer to "accept, from the Seller in satisfaction of the Seller's obligation under the original contract the delivery of such Comparable (better if the same) Securities" [see page 2, Section C, 2]. A prudent investor would comply with the regulations of the Securities Act of 1986. Thus it is predictable that an investor would mark/indicate securities of failed transactions. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Singh et al ('376) to include indicia of mortgage-backed securities that are subject to a failed transaction. said transaction includes a resolution of a round robin arising out of a plurality of said failed transactions. Regardless, Applicant admits that "prior art methods of trading" result in "failed trades often lead[ing] to a so-called "round robin" scenario. [see Applicant's Background Of The Invention, page 3, line 11 & paragraph 10] Further, the Buy-In reference teaches that a course of action includes "sell[ing] the Mortgage-Backed Securities back to the Seller on terms which provide that the Seller pay an amount which includes accrued interest and bear the burden of any change in market value." [see page 2, Section C, 2]. In this vein, to avoid possible market increases (at a loss to the Seller), one would wish to purchase the actual security for delivery. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Singh et al

(‘376) to include the resolution of failed transactions by a round robin trading scenario.

As per Claim 20, Combination A discloses the method of Claim 12 above. Further

Further, Singh et al (‘376) discloses as follows:

said server is operable to receive at least two inventories; [see Claim 13 above]

said indicia include other pertinent information concerning each said mortgage-backed security, including at least a financial institution uniquely identifying a holder of each mortgage-backed security in each of said inventories [see Claim 13 above];

However, Singh et al (‘376) does not specifically disclose:

indicia includ[ing]...a Pool Number identifying each said mortgage-backed security pool owned by said financial institution; and an original face value of each said mortgage-backed security [see Claim 13 above]

said inventories include a plurality of mortgage-backed securities with common Pool Numbers that belong to different financial institutions. [see Claim 13 above]

an indication of whether said mortgage- backed security pool was a subject of a failed transaction;

Regardless, Applicant admits that prior art trading involves “failed trades” [see

Applicant’s Background Of The Invention, page 3, line 11] Further, the Buy-In

reference teaches established courses of action when such “failed transactions”

occur. Here, one of the options is for a Customer to “accept, from the Seller in

satisfaction of the Seller’s obligation under the original contract the delivery of such Comparable (better if the same) Securities” [see page 2, Section C, 2]. A

prudent investor would comply with the regulations of the Securities Act of 1986.

Thus it is predictable that an investor would mark/indicate securities of failed

transactions. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Singh et al ('376) to include indicia of mortgage-backed securities that are subject to a failed transaction.

said transaction includes arranging a substitution of one of said mortgage-backed securities from one financial institution to a second financial institution having a failed transaction associated with another one of said mortgage-backed securities. Regardless, Applicant admits that "prior art methods of trading" result in "pool[s] of funds being shifted from one financial institution to another" [see Applicant's Background Of The Invention, page 3, line 12]. Further, the Buy-In reference teaches that failed transactions can be substituted with "Comparable Securities" [see page 2, Section C, 2 & page 1, Section B]. A prudent investor would comply with the regulations of the Securities Act of 1986. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant's invention, to modify Singh et al ('376) to include the substitution of one comparable mortgage-backed security for another in a failed trade situation.

As per Claim 21, Combination A discloses the method of Claim 12 above.

Further, Singh et al ('376) discloses as follows:

said server is operable to receive at least two inventories; [see Claim 13 above]

said indicia include other pertinent information concerning each said mortgage-backed security, including at least a financial institution uniquely identifying a holder of each mortgage-backed security in each of said inventories [see Claim 13 above];

However, Singh et al ('376) does not specifically disclose:

indicia includ[ing]...a Pool Number identifying each said mortgage-backed security pool owned by said financial institution; and an original face value of each said mortgage-backed security [see Claim 13 above]

said inventories include a plurality of mortgage-backed securities with common Pool Numbers that belong to different financial institutions. [see Claim 13 above]

said transaction includes arranging a loan of at least of said one mortgage-backed securities between two of said financial institutions. Regardless, Applicant admits that “prior art methods of trading” result in “pool[s] of funds being shifted from one financial institution to another” [see Applicant’s Background Of The Invention, page 3, line 12]. Under broad interpretation, a loan includes a “temporary” shifting that “is not a permanent answer” [see Applicant’s Background Of The Invention, page 3, line 13]. Further, the Buy-In reference teaches that a purchaser, following procedures, who has not received his/her securities has the option to “buy-in at the current market value all or any part of the same or Comparable Securities necessary to complete the transaction.” [see page 4, section D, 3]. A prudent investor, or one on his/her behalf, would wish to avoid such a situation if he/she does not currently hold the securities. It is predictable that such an investor would look for a loan of securities, on margin, until other options under the Securities Act could be executed. As such, it would have been obvious to one of ordinary skill in the art, at the time of Applicant’s invention, to modify Singh et al (‘376) to include a loan of mortgage-backed securities amongst financial institutions.

Art Unit: ~~3609~~ 4172

As per Claims 8-10, Singh et al ('376) discloses a "server" [see paragraph 16]. It is inherent that such server is capable of producing the functionality as evidenced in Claims 19-21 above.

Art Unit: ~~3609~~ 4172

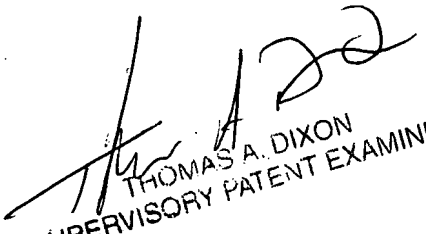
Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to John D. Scarito whose telephone number is (571) 270-³⁴⁴⁸~~1582~~. The examiner can normally be reached on M-Th (7:30-5:00), Alternate F (7:30-4:00).

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Tom Dixon can be reached on (571) 272-6803. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

John D. Scarito
Examiner
Art Unit ~~3609~~ 4172


THOMAS A. DIXON
SUPERVISORY PATENT EXAMINER